

137 FERC ¶ 61,240
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Philip D. Moeller, John R. Norris,
and Cheryl A. LaFleur.

New York Independent System Operator, Inc.

Docket No. ER12-89-000

ORDER ACCEPTING TARIFF REVISIONS

(Issued December 28, 2011)

1. On October 14, 2011, New York Independent System Operator, Inc. (NYISO) filed proposed revisions to Rate Schedule 1 of its Open Access Transmission Tariff (OATT) pursuant to section 205 of the Federal Power Act¹ (October 14, 2011 Filing), to be effective January 1, 2012. NYISO proposes to revise section 6.1.2.3 of Rate Schedule 1 of its OATT to change the allocation among NYISO market participants of NYISO's budgeted annual operating costs and Commission-assessed regulatory fees (Operating Costs) and to maintain this new allocation for a period of at least five years. We find that NYISO's proposed tariff revisions comply with its tariff and are just and reasonable and, therefore, accept the proposed revisions, effective January 1, 2012, as requested.

I. Background

2. Rate Schedule 1 of the OATT contains procedures to allocate NYISO's annual Operating Costs to be billed to transmission customers and currently provides in section 6.1.2.3 for NYISO to allocate 80 percent of its Operating Costs to load and 20 percent to supply. Section 6.1.2.5 of Rate Schedule 1 of the OATT also allows NYISO to recover a portion of the Operating Costs from entities engaging in virtual bids and entities purchasing Transmission Congestion Contracts (TCC) (collectively non-physical transactions), as well as from Special Case Resources (SCR) and Emergency Demand Response Program (EDRP) participants. Under this provision, on a monthly basis NYISO credits the funds collected from non-physical transactions to load and suppliers using the current 80 percent/20 percent allocation.

3. Further, section 6.1.2.3 of Rate Schedule 1 provides that the cost allocations set forth therein shall remain unchanged until such point in time that a study is conducted

¹ 16 U.S.C. § 824d (2000).

and the results of the study warrant changing the 80 percent/20 percent allocation. A positive vote of 58 percent of the NYISO Management Committee in the third quarter of 2010 is required for NYISO to retain a consultant to conduct such a study. Section 6.1.2.3(iv) also sets forth a timeline and procedures for completing the study and sharing the results of the study with market participants.

II. Proposed Tariff Revisions

4. NYISO states that in July 2010, a majority of NYISO stakeholders voted to undertake a new, independent study of NYISO's allocation of its Operating Costs. NYISO asserts that it worked with its stakeholders to identify the scope of the study and selected Black & Veatch (B&V) as a consultant to perform the study. NYISO contends that B&V reviewed the study parameters and interim results with stakeholders and issued a final study report in July 2011 (B&V Study).²

5. Based on the results of the B&V Study and discussions with stakeholders, NYISO proposes to revise the formula in section 6.1.2.2 of Rate Schedule 1 of the OATT to replace the current allocation of its Operating Costs of 80 percent to load and 20 percent to suppliers with a new allocation of 72 percent to load and 28 percent to suppliers. NYISO also proposes to revise section 6.1.2.5 of Rate Schedule 1 of the OATT, which provides for crediting to each transmission customer (either a load or supplier) the Operating Costs recovered from market participants engaging in non-physical transactions, SCRs, and EDRP participants, to replace the current 80 percent/20 percent allocation with a 72 percent/28 percent allocation. NYISO states that B&V exercised its judgment in a rational and equitable manner and that its proposed 72 percent/28 percent allocation constitutes a reasonable and equitable allocation of the Operating Costs between load and suppliers.³ Additionally, NYISO states that the 72 percent/28 percent allocation falls within the range of cost allocations used in other RTO/ISO regions.

6. NYISO also proposes to revise sections 6.1.2.4.1 and 6.1.2.4.2 of Rate Schedule 1 of the OATT, to update the rates used to calculate the portion of its Operating Costs charged to market participants that engage in non-physical transactions, in accordance with the findings of the B&V Study. NYISO determined, together with its stakeholders, that the initial 2010 rates for calculating Operating Costs charged to these market participants were based upon the best data then available and were the rates applied by other RTOs/ISO for similar services. NYISO states that, in contrast, the B&V Study

² NYISO October 14, 2011 Filing at 2; *see* NYISO, *Rate Schedule 1 Study Final Report* (July 2011), *available at* http://www.nyiso.com/public/webdocs/committees/mc/meeting_materials/2011-07-27/agenda_05_072711_Final_Report_RS1_Study.pdf.

³ *Id.* at 6.

provides an independent, NYISO-specific determination of the Operating Costs attributable to these market participants engaging in non-physical transactions.⁴

7. Specifically, NYISO proposes to specify that for 2012 the rate applied to a market participant engaging in virtual transactions will be \$0.0871 per cleared virtual transaction in the billing period, based on a projected annual revenue requirement in 2012 of \$2.6 million. In addition, NYISO proposes to specify that for 2012 the rate applied to a market participant purchasing TCCs will be \$0.0372 for each TCC held during the billing period, based on a projected annual revenue requirement in 2012 of \$4.9 million. NYISO states that, pursuant to section 6.1.2.4.4 of Rate Schedule 1, it will start the rate reset process, including any over or under collection amounts, anew using the new 2012 annual revenue requirement amounts proposed in this filing as the starting point for post-2012 rate re-sets.

8. NYISO also proposes to revise section 6.1.2.4.3 of Rate Schedule 1 of the OATT to adjust the rate used to calculate the portion of its Operating Costs charged to market participants that are SCRs or that participate in the EDRP. NYISO states that this rate corresponds to the rate applied to suppliers, so the rate will be similarly revised to replace the current 20 percent allocation with the proposed 28 percent allocation.

9. Finally, NYISO proposes to modify section 6.1.2.3 of Rate Schedule 1 of the OATT to continue to apply the stakeholder process, with updated dates, for review and modification of the cost allocation of NYISO's Operating Costs going forward.⁵ NYISO proposes to maintain the new 72 percent/28 percent allocation for a period of at least five years, through December 31, 2016. The Management Committee will vote in the third quarter of 2015 to determine whether a new study should be undertaken to review the 72 percent/28 percent allocation. NYISO states that a set, five-year period will provide NYISO market participants with a level of certainty regarding their responsibility for the Operating Costs.

III. Notice of the Filing and Responsive Pleadings

10. Notice of the filing was published in the *Federal Register*, 76 Fed. Reg. 65,715 (2011), with interventions and protests due on or before November 4, 2011. Timely motions to intervene were filed by Entergy Nuclear Power Marketing, LLC (ENPM) and GenOn Energy Management, LLC and GenOn Bowline, LLC (collectively GenOn Parties). The New York State Public Service Commission (NYPSC) filed a timely notice of intervention and comments. Independent Power Producers of New York, Inc. (IPPNY) and Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., Long Island Power Authority, New York Power Authority,

⁴ *Id.* at 7.

⁵ *Id.* at 8.

New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas & Electric Corporation (collectively New York Transmission Owners or NYTOs) and Multiple Intervenors⁶ filed timely motions to intervene and protests. R.E. Ginna Nuclear Power Plant, LLC and Nine Mile Point Nuclear Station, LLC (collectively CENG Nuclear Entities) filed a timely motion to intervene and comments in support of the protest filed by IPPNY. The New York Association of Public Power (NYAPP) and the NYTOs and Multiple Intervenors filed motions to intervene out of time. On November 21, 2011, NYTOs and Multiple Intervenors filed an answer to IPPNY's protest. On November 23, 2011, NYISO filed an answer to certain protests and comments in this proceeding.

11. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2011), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2011), the Commission will grant NYAPP's and NYTOs' and Multiple Intervenors' late-filed motions to intervene given their interests in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

12. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2011), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept NYISO's and the NYTOs' and Multiple Intervenors' answers because the answers have provided information that assisted us in our decision-making process.

IV. Protest and Comments

13. IPPNY contends that the Commission should reject the October 14, 2011 Filing and asserts that the proposed revisions will result in a 40 percent increase in allocation of NYISO Operating Costs to suppliers without any justification for the change in allocations. IPPNY states that NYISO does not satisfy NYISO's burden of establishing that the proposed change in allocation of Operating Costs is just and reasonable. IPPNY states that prior to B&V conducting the B&V Study, NYISO produced no indication that the 80 percent/20 percent allocation was no longer just and reasonable. IPPNY also asserts that, in the period between 2004 and 2011, there have been no significant changes in the types of costs incurred by NYISO in the administration of its tariff and no significant changes in the allocation of its resources. IPPNY similarly asserts that there have been no major changes to the market design in this period. IPPNY adds that the revised allocation of NYISO Operating Costs would be essentially immediate, without

⁶ Multiple Intervenors is an unincorporated association of approximately 55 large industrial, commercial, and institutional energy consumers with manufacturing and other facilities located throughout New York State.

any phase-in or other mechanism to temper the severity of the shift in costs. IPPNY contends that, under the proposed cost allocation, certain suppliers under long-term bilateral contracts have no mechanism to recover these substantial cost increases.⁷

14. Similarly, IPPNY asserts that NYISO has failed to show that the B&V Study reaches a just and reasonable result with respect to the proposed change to the current cost allocation. IPPNY objects to the B&V Study's second proposed method for allocating unassigned costs, under which the costs are split evenly between load and supply, and states that B&V provided no support for adopting this second approach. IPPNY asserts that applying this second alternative approach resulted in an unsupportable overall cost allocation between load and suppliers of 63 percent/37 percent and that, because B&V used this cost allocation as the lower end of range of allocation results, the B&V Study arrives at a 72 percent/28 percent mid-point within a fictitious zone of reasonableness. IPPNY argues that while the B&V Study claims its second approach bounds the limit of a reasonable cost allocation, the resulting cost allocation proposed in this proceeding is not just and reasonable on its own merits or as it stands in comparison to other ISOs/RTOs.

15. IPPNY further states that NYISO's reliance on comparable ISO allocations is selective and flawed and that NYISO has incorrectly claimed its proposed change in cost allocation is within the range of the cost allocation applied by other ISOs/RTOs. IPPNY states that NYISO's conclusion that the 72 percent/28 percent split for Operating Costs is within the range of proxy ISOs is selective and does not address the full analysis of all ISO/RTO regions that B&V included in its B&V Study. For example, IPPNY points out that NYISO does not include in its range Southwest Power Pool or the Electric Reliability Council of Texas, regions in which the ISO/RTO operating costs are allocated 100 percent to load. Additionally, IPPNY notes that NYISO ignores certain significant differences between NYISO and other ISOs/RTOs, which limits their usefulness as comparisons. IPPNY also notes that NYISO offers no justification that it is just and reasonable to allocate Commission fees using the same 72 percent/28 percent allocation as recommended for other costs. IPPNY contends that none of the other ISOs/RTOs except CAISO allocate Commission fees to suppliers.⁸

16. IPPNY also argues that NYISO has failed to demonstrate that the fundamental differences between NYISO's previous cost allocation study, conducted by R.J. Rudden Associates, Inc. (Rudden),⁹ and the B&V Study are warranted. In particular, IPPNY

⁷ IPPNY November 4, 2011 Protest at 2.

⁸ IPPNY November 4, 2011 Protest at 15.

⁹ The Commission accepted NYISO's former 85 percent/15 percent allocation in *New York Independent System Operator, Inc.*, 100 FERC ¶ 61,315 (2002). When the

asserts that there are significant differences between the two studies with respect to the identification and allocation of directly assignable costs. IPPNY protests that the B&V Study does not provide an adequate justification for the difference between its method for assigning direct and shared costs among load and suppliers and the method used in the Rudden Study.

17. In their initial comments, NYTOs and Multiple Intervenors support the proposal as a step in the right direction and as an acceptable resolution of the cost allocation issue. However, NYTOs believe that the B&V Study justifies an even greater shift in NYISO Operating Costs from load to suppliers. NYTOs and Multiple Intervenors contend that moving towards a more equitable sharing of NYISO Operating Costs is one of the most effective ways to ensure that the size of NYISO's budget is reasonable relative to the functions it is required to perform. NYTOs and Multiple Intervenors assert that such a shift would make the market participants who cause the NYISO to expend resources directly responsible for paying for those expenditures. NYTOs and Multiple Intervenors believe such effect is a sound policy basis for the shift in cost allocation.

18. New York State Public Service Commission also supports NYISO's proposed tariff revisions. NYPSC states that the proposed cost allocation is adequately supported by the B&V Study and is within the zone of reasonableness compared with other ISO/RTO regions.

V. Answers

19. NYISO, NYTOs, and Multiple Intervenors contest IPPNY's claim that NYISO does not satisfy its burden to establish the proposed cost allocation is just and reasonable. NYISO, NYTOs, and Multiple Intervenors assert that NYISO's tariff has no material change prerequisite to an adjustment to the cost allocation. NYISO asserts that the conduct of the B&V Study, and NYISO's subsequent proposed revisions, is consistent with section 6.1.2.3 of Rate Schedule 1, which establishes the process by which shareholders vote to initiate a new study of the allocation of NYISO's Operating Costs and, if warranted by the results of the study, revise the cost allocation. Specifically, NYISO notes that, in accordance with the requirements in section 6.1.2.3(i), 67.75 percent of the stakeholder Management Committee voted on July 21, 2010 to

Commission accepted NYISO's 85 percent/15 percent allocation, the Commission encouraged NYISO to study whether the 85/15 allocation was appropriate for the long term. *NYISO*, 100 FERC ¶ 61,315 at P 13. Consequently, NYISO states, it engaged Rudden to study the appropriateness of the 85 percent/15 percent allocation between load and suppliers (Rudden Study). NYISO October 14, 2011 Filing at 4. NYISO adds that following the completion of the Rudden Study, NYISO and its stakeholders negotiated the current allocation of NYISO's Operating Costs that assigns 80 percent to load and 20 percent to suppliers. *Id.*

initiate a new study. NYISO adds that following extensive discussions of the study results among NYISO, stakeholders, and B&V, approximately two-thirds of NYISO stakeholders and the NYISO Board determined that changes to the cost allocation were warranted and approved the proposed cost allocation as just and reasonable. NYTOs and Multiple Intervenors note that IPPNY and all other stakeholders had a full and fair opportunity to provide input and raise concerns. In addition, NYTOs and Multiple Intervenors note that IPPNY provided no evidence for its conclusion that there have been no significant changes in NYISO expenditures or markets since 2004.

20. NYISO, NYTOs, and Multiple Intervenors assert that IPPNY mischaracterizes the section 205 standard by contending that the revised cost allocation should be considered based on whether NYISO has documented the differences between the results of the B&V Study and NYISO's previous Rudden Study, rather than based on whether NYISO's proposed cost allocation is just and reasonable. NYISO also states that nothing in section 6.1.2.3 of Rate Schedule 1 requires the new study to revisit the results of a previous study or justify any departures from a previous study's methodologies. NYISO adds that IPPNY has provided no basis for the Commission to find that the B&V Study is flawed or that the proposed cost allocation is not just and reasonable.

21. NYTOs and Multiple Intervenors assert that IPPNY failed to demonstrate that NYISO's proposed revision to its cost allocation is unjust and unreasonable. NYTOs and Multiple Intervenors add that while the allocation to supply is somewhat higher than in neighboring ISOs/RTOs, such difference does not render the proposed cost allocation unreasonable. NYTOs and Multiple Intervenors similarly assert that the fact that some ISOs/RTOs allocate 100 percent of Commission fees to load does not mean that the allocation of a portion of those fees to supply is a violation of the just and reasonable standard. NYTOs and Multiple Intervenors contend that IPPNY failed to provide any substantive basis for its conclusion that NYISO's proposed cost allocation violates the just and reasonable standard. NYTOs and Multiple Intervenors state that the affidavit by David W. Segal, which IPPNY submitted in support of its contention that the NYISO's revised cost allocation violates the section 205 just and reasonable standard, provides no information, analysis or other substantive support for its contention and should be accorded no weight. NYTOs and Multiple Intervenors note that cost allocation methodologies for ISOs/RTOs are still evolving and assert that the Commission should permit ISOs/RTOs to continue to develop their cost allocation methodologies without mandating a single uniform methodology.

22. NYTOs and Multiple Intervenors also respond to IPPNY's protest that the proposed cost allocation would essentially go into immediate effect. NYTOs and Multiple Intervenors assert that the revision does not warrant any type of phase-in, because all affected market participants have been on notice for several years that the rate was subject to change, as expressly stated in the NYISO OATT, and the actual shift in cost responsibility is very moderate.

23. Responding to IPPNY's claim that the B&V Study is flawed and cannot be used to demonstrate that the proposed revision is just and reasonable, NYTOs and Multiple Intervenors assert that the conclusions and recommendation in the B&V Study are reasonable and based on extensive review and independent professional analysis. NYTOs and Multiple Intervenors state that IPPNY provides no evidence of any errors in the B&V analysis regarding unassigned costs and assert that there is no basis for concluding that the B&V Study's independent analysis of directly and indirectly assigned costs is not reasonable.

24. In response to IPPNY's protest of the B&V Study's second proposed method for allocating unassigned costs, NYTOs and Multiple Intervenors respond that it was reasonable for B&V to use the two scenarios for the treatment of unassigned costs as the upper and lower bounds of a reasonable allocation between load and supply and to recommend that the allocation be near the midpoint between the two scenarios. NYTOs and Multiple Intervenors point out that the B&V Study determined that for a significant portion of unassigned costs, a reasonable argument could be made for either an allocation according to directly assigned costs or on a 50 percent/50 percent basis. NYTOs and Multiple Intervenors note B&V's conclusion that "[s]ince an argument can rationally be made for allocating either way, and that decision has a large impact on the outcome of the study, it made sense to compare the results both ways."¹⁰

25. In response to IPPNY's assertion that the proposed cost allocation will shift costs to certain suppliers with long-term bilateral contracts that will be unable to recover the cost increases, NYISO states that such suppliers have been on notice since 2004 that NYISO would from time to time study and adjust the cost allocation. NYISO points out that in 2009, a substantial majority of NYISO stakeholders voted to revise section 6.1.2.3 of Rate Schedule 1 to provide that stakeholders would vote annually on whether NYISO should conduct a study and, if warranted, adjust the allocation of Operating Costs.¹¹

VI. Commission Determination

26. We will accept NYISO's proposed revisions, effective January 1, 2012, as requested. We find that NYISO has complied with the tariff's requirements, by

¹⁰ NYTOs and Multiple Intervenors November 21, 2011 Answer at 8 (citing B&V Study at 49).

¹¹ *Citing New York Independent System Operator, Inc.*, Proposed Tariff Revisions Regarding the Recovery of Certain Charges Assessed under the Appropriate Schedules of Its Open-Access Transmission Tariff and Its Market Administration and Control Area Services Tariff, Docket No. ER09-971-000 (April 8, 2009); *citing also New York Independent System Operator, Inc.*, Docket No. ER09-971-000 (May 15, 2009) (delegated letter order).

procuring an independent, expert consultant to conduct a thorough study of the cost allocation issue upon achieving at least a 58 percent vote from the Management Committee to conduct a study and, following review and comment by Market Participants, by reflecting the results of that study in its proposed revised cost allocations. NYISO contends that 67.75 percent of the stakeholder Management Committee voted pursuant to section 6.1.2.3 of the OATT to initiate a new study of the allocations of NYISO's Operating Costs.¹² We note that NYISO's proposed tariff revisions were approved by the Management Committee by majority vote of 67.03 percent and by a majority vote of the NYISO Board of Directors.¹³ Accordingly, in recognition that cost allocation determinations involve expert opinion, which may vary among experts depending in some measure on which Market Participant they represent, we find that the tariff leaves the determination of NYISO Operating Cost allocation to an independent consultant with no stake in the outcome. Therefore, we will not address alternate opinions or arguments respecting the details or relative merits of the particular analyses of the consultant here. We will, however, address below certain issues that the protests raise regarding the filing requirements imposed by the FPA and NYISO's tariff.

27. IPPNY argues that NYISO produced no indication that its current allocation is no longer just and reasonable. IPPNY also suggests that, since 2004, there have been no significant changes in the types of costs NYISO incurs, the allocation of NYISO's resources, or in market design that would warrant a change in the allocation of NYISO costs. In the November 15, 2004 cost allocation order, the Commission ordered NYISO to review the cost allocation ratios at the end of 2008 to ensure that they are still just and reasonable.¹⁴ Accordingly, in December 2008, NYISO concluded that no significant market changes had occurred since 2005 to require a review of the allocation at that time.¹⁵ In 2009, NYISO established a specific stakeholder process to determine when to review and, if warranted by the review, to modify the allocation going forward, which NYISO has complied with here.

28. Specifically, section 6.1.2.3 of Rate Schedule 1 currently states that the current cost allocation methodology shall remain unchanged through at least December 31, 2011, and shall continue to remain unchanged until such time that a study is conducted and the

¹² NYISO November 23, 2011 Answer at 2.

¹³ NYISO October 14, 2011 Filing at 2.

¹⁴ *New York Independent System Operator, Inc.*, 109 FERC ¶ 61,161 (2004).

¹⁵ NYISO October 14, 2011 Filing at 4 (citing NYISO's "Rate Schedule 1 Allocation" presentation at the December 3, 2008, Management Committee meeting at: http://www.nyiso.com/public/webdocs/committees/mc/meeting_materials/2008-12-03/agenda_04_Pres_re_RS1_unbundling_v2.pdf).

results of the study warrant changing the cost allocation. The section states that a positive vote of 58 percent is required to go forward with the study and contains no “material change” standard. We therefore find that the tariff does not require a substantial change to the NYISO market design to support a change in cost allocation. Further, the FPA only requires that the filing entity, NYISO, show that its proposed change is just and reasonable; it has no obligation to show that the existing rate is unjust or unreasonable. By showing that it has fully complied with its tariff, NYISO has made the required showing. Therefore, we reject IPPNY’s argument that NYISO has the burden to prove that its current allocation is no longer just and reasonable. We also find that NYISO’s tariff does not require a phase-in period to temper what IPPNY alleges is the severity of the new cost allocation, and we will not order such a phase-in here.

29. IPPNY argues that NYISO has failed to demonstrate that the fundamental differences between the Rudden Study and the B&V Study are warranted and that the B&V Study reaches a just and reasonable result with respect to the proposed change to the current cost allocation. In particular, IPPNY argues that there are significant differences with respect to the direct allocation of costs. The Commission finds that because the B&V Study and its recommendation are based on the independent consultant’s thorough review and professional analysis, the requirements of the tariff have been satisfied. In particular, the study conducted by B&V involved an extensive review of NYISO’s operating costs to determine specific cost assignments between load and supply as well as an upper and lower bound of operating costs for shared services attributable to both load and supply. In addition, the study identified operating costs associated with non-physical transactions. B&V’s analysis of NYISO’s operating costs involved: 1) a thorough review of NYISO’s operating cost data for the period 2007 through 2010; 2) interviews with NYISO management to obtain information pertaining to NYISO’s services and cost centers; 3) conducting mini-sector meetings to obtain additional feedback and identify concerns; and 4) consulting with other RTOs and ISOs to provide feedback to the stakeholders on operating cost allocation methods employed in other regions. Nothing in NYISO’s tariff requires that the current study be an update of or include a comparison to previously conducted studies. NYISO’s Board of Directors found that “B&V was commissioned to conduct a new and independent cost allocation study of the NYISO’s annual operating costs; its charge was not to consider or update the results of the Rudden study.”¹⁶ B&V provides a very thorough, detailed study and analysis with sufficient justification of their recommendations. We therefore reject IPPNY’s protest that NYISO has failed to demonstrate that the B&V Study reaches a just and reasonable result.

¹⁶ IPPNY November 4, 2011 Protest, Attachment II at 3 (NYISO Board of Directors’ Decision on appeal of the Management Committee’s July 27, 2011, Decision to Approve a Modified Rate Schedule 1 Cost Recovery Allocation).

30. Finally, we reject IPPNY's argument that NYISO's reliance on other RTO/ISO allocations and methodologies is selective and flawed. This argument rests on the opinions of David W. Segal in the affidavit attached to IPPNY's protest and reflects a difference of opinion from those of the independent consultant in the B&V Study. The recommendations in the B&V Study are based on the independent consultant's extensive review and professional analysis and, therefore, satisfy the tariff's requirements.

The Commission orders:

NYISO's proposed revisions to its OATT are hereby accepted to become effective January 1, 2012.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.